

Directive 144

GUIDELINES FOR CHARGES PURSUANT TO LSA-R.S. 22:627

January 16, 1998

This directive shall apply to all agents, brokers, and solicitors licensed to transact business in Louisiana. Further, this directive shall apply to all policies of insurance except life, accident, health and reinsurance.

LSA-R.S. 22:627 governs the procedures to be followed by insurance agents, brokers, solicitors, and other representatives of the insurer when charging fees and/or when requesting reimbursement of expenses in the procurement of insurance coverage.

When procuring coverage, insurance agents, brokers, and solicitors are allowed to charge, in addition to the premiums, a reasonable fee which is referred to as an agency fee. Additionally, and if agreed upon by the insured, they may receive reimbursement for expenses incurred. The agency fees and reimbursement expenses provided for herein are not included in the premium quoted and may not be specified in the policy delivered to the insured. Nor, are agency fees subject to premium taxes or surplus line premium taxes.

The agency fees and expenses charged shall be separately stated and collected through an invoice statement. A single invoice may be used for each policy to make known all charges (premiums, fees, reimbursement expenses, or other consideration). Each such charge must be prominently disclosed and itemized separately on the invoice. The same invoice shall be used to collect therefrom.

Agency fees for homeowners or personal automobile insurance shall not exceed \$25.00, provided they are normal and are insurable at standard rates. This cap does not apply to surplus line insurance and to risks which are not normal and are not insurable at normal rates.

An insurance agent, broker, or solicitor who has received monies in excess of the quoted premium, which were not disclosed on a separate invoice, may be subject to disciplinary action.

James H. Brown
COMMISSIONER OF INSURANCE